1. In section 2 of the office action, the examiner has rejected claims 1-3, 5-10, 12-15 and 17-20 under 35 USC 103 as being unpatentable over U.S. Patent No. 6,119,093 to Walker et al. in view of Official Notice.

(a) posting proposals to assume selected risks

Applicant respectfully disagrees with the Examiner's characterization of the teaching of the Walker et al. '093 patent as it relates to the rejected claims. The Examiner states that Walker et al. teaches the step of "posting on a server a plurality of proposals to assume selected risks of respective risk cedents". This is not accurate. Walker et al. teach posting on the server proposals to shed a risk or to get someone else to assume a portion of a risk, not proposals to assume selected risks. The method covered by the rejected claims is essentially opposite of that disclosed in Walker et al. The claimed method provides a method in which a risk carrier (such as a reinsurer) can post proposals to assume selected monetary risks (underwriting of an insurance contract) from a plurality of risk cedents (such as primary insurers). In the Walker et al. patent, the method allows the risk cedent (i.e. a primary insurer) to post on the server an invitation to individuals functioning as reinsurers or risk carriers to offer to assume a portion of a monetary risk (underwriting of an insurance contract). Stated

another way, Walker et al. disclose a method where proposals to sell risks are posted on a server, whereas in the claimed method proposals to buy risks are posted on a server.

It would not have been obvious to one skilled in the art to modify the method taught by Walker et al. to develop the method of posting proposals to assume selected risks. The system disclosed by Walker et al. contemplates a system where individual credit card holders can use their excess credit limit on a credit card to buy a share of a portion of an insurance policy. It would not be obvious to turn the method of Walker et al. around to allow the individual credit card holders to post proposals on the server to buy a share of a selected insurance policy. The portion of the total risk that could be assumed by any one credit card holder would appear relatively small, making it relatively inefficient for a cedant to have to view and chose between the large number of proposals it would probably take to obtain an adequate or desired amount of reinsurance. Therefore, it would not have been obvious to one skilled in the art to modify Walker et al. to obtain the claimed method.

(b)&(e) initializing and recalculating capacity

The Examiner argues that the claimed step of "initializing on said server an available risk assumption capacity of said risk carrier associated with said proposals is met by the central

server (120, Fig. 1) that transmits to the insurance company server policy information used to calculate the amount of premium to be paid to each investor...". Similarly the Examiner argues that the claimed step of "electronically recalculating said available risk assumption capacity upon accepting said offer is met by the central server (120, Fig. 1) that transmits to the insurance company server updated policy information with transactions information used to calculate the amount of premium to be paid to each investor..." The transmission from the central server to the insurance company server of updated policy information does not disclose the step of "initializing on said server an available risk assumption capacity" or "electronically recalculating said available risk assumption capacity".

It is unclear to applicant what the Examiner means when he refers to "policy information" in this ground for rejection. As understood by applicant, policy information generally relates to terms of and information relating to the underlying policy to be reinsured or underwritten and is not the same thing as the capacity of the reinsurer to underwrite selected risks, which is the risk assumption capacity.

The passage referred to by the Examiner does reference "the frozen credit line" of the user. To the extent the examiner is arguing that the user's unused credit line, is similar to the

specified risk assumption capacity, Applicant notes that this information is not initialized on the server on which the proposals are posted. Rather, this information must be accessed through "the credit card issuing bank server 150" which "accesses the cardholder database 720 and account database 730 and determines the existing unused credit line (step 1105)." See Col. 12, lines 22-24 of Walker et al.

It would not have been obvious to one skilled in the art to initialize this information on the server in which the proposals are posted, because the Walker et al. system is designed to encourage a large number of credit card holders to utilize the system to assume risks using their unused credit limits on their credit cards as collateral. Since, the identity of the potential users is generally not known prior to their accessing the system to make an offer on one of the posted insurance policies, it does not make sense and would not be obvious, to try to initialize the information concerning the user's credit limit on the same server that the insurance policies are posted, particularly when the information concerning their credit limit is readily accessible from the credit card issuing bank server.

In addition, it is assumed that the credit card holders, will utilize their credit cards for other transactions affecting the credit limit, making it difficult to track or accurately

recalculate the unused credit limit if this information were initialized on the same server on which the insurance policies are posted in Walker et al. Therefore it would not have been obvious to modify Walker et al. to produce the method as claimed including the steps of initializing the risk assumption capacity on the server on which proposals are posted and electronically recalculating the available risk assumption capacity upon accepting an offer.

It is to be understood that the server as referred to in the Claims on which proposals are posted, should be interpreted broadly enough to include any of the servers, computers or databases assembled, operated, maintained and connected to the internet (or other utilized network) by or under the authority of the reinsurer or risk carrier to enable use of the claimed method. However, the "the credit card issuing bank server 150" is not operated by or under the authority of the reinsurer or risk carrier and therefore would not be considered the server on which the proposals are posted.

(f) electronically withdrawing proposals from availability

The Examiner acknowledges that Walker et al. fail to teach the claimed step of "electronically withdrawing from availability any of said proposals whose acceptance would reduce said available risk assumption capacity as recalculated, below a

selected amount." However, the Examiner argues that this step would have been obvious to one skilled in the art because it is known in the insurance industry to restrict user access to certain information once the user has selected a specific type of insurance..." The Examiner indicates that it is known to design a website, so that once a user selects from one type of insurance available on the website, i.e. auto insurance, information concerning other types of insurance, such as life or home, are not accessible on the same page. Applicant respectfully disagrees with the Examiner's position.

In the example relied on by the Examiner, although information regarding life or home insurance might not be viewable on the same page as a page providing information regarding auto insurance, the information is still available, it is simply accessible on a different page. The Examiner has not cited any prior art (or examples) in which a previously displayed proposal to assume a risk or other type of proposal is withdrawn from availability such that a user can no longer electronically submit one of said proposals as an offer for acceptance.

In addition, there is no suggestion in the prior art to electronically withdraw from availability proposals whose acceptance would reduce the available risk assumption capacity, as recalculated, below a selected amount. In the examples relied

on by the Examiner, the available risk assumption capacity is not used to determine which pages are accessible. The Walker et al. system utilizes the conventional credit card model, wherein attempted purchases are simply declined if there is not enough credit available in the credit card account when the purchase is attempted to be processed. The conventional credit card model is not designed to determine the credit available in advance of making a decision to make a purchase and then use this information to limit the selections available to the purchaser.

More importantly, in the Walker et al. system, the user decides what portion of the risk he or she wants to assume. As stated at Col. 11, lines 58-62:

> "The user also enters information regarding the policy in which he wishes to invest (step 1006). This information may include the policy number 327, **the portion 343 of the risk he assumes in syndication**, and the length of time for which he wishes to invest."

Since the user in Walker et al. can determine, with each offer it makes, the amount of risk it wants to assume, there is really no way for the system to determine, in advance of submission of an offer, whether a potential user has sufficient unused credit to cover the assumed risk. Therefore, there is no way for the system to determine which proposals to withdraw from availability.

In addition, one of the suggested advantages of the Walker et al. system is that it can bring together a large number of persons who individually have only a small amount of capital, but collectively control a large amount of capital and are in search of a suitable investment vehicle, namely collecting a percentage of insurance premiums for a policy in exchange for assuming a portion of the risk by pledging unused credit on a credit card. It would seem counterproductive to this purported advantage to limit in advance the proposals on which a credit card holder could invest, since the potential investors/credit card holders have the option of choosing the amount of risk they want to assume.

In view of the foregoing it is respectfully submitted that it would not have been obvious to one skilled in the art to modify the Walker et al. method to provide the step of electronically withdrawing from availability any of said proposals whose acceptance would reduce said available risk assumption capacity as recalculated, below a selected amount. It is therefore submitted that claims 1-3, 5-10, 12-15 and 17-20 are patentable over the prior art of record.

2. Claims 4 and 14

Claim 4 was rejected under 35 U.S.C. 103(a) as being unpatentable over Walker et al.in view of "CNA Life RE Pilots Online System for Direct Writers and Reinsurers" by Bestwire (hereinafter "Bestwire"). The Bestwire article is dated November 12, 1999, which is less than one year prior to the filing date of the present application, which was filed January 4, 2000. Therefore, it is respectfully submitted that the Bestwire reference is not prior art relevant to Claim 4 or 14.

3. Claim 8 was rejected by the Examiner as being obvious in view of Walker et al. for essentially the same reasons that Claim 1 was rejected. Applicant traverses this rejection for the same reasons as set forth above with respect to Claim 1.

4. Claim 15 was rejected based upon Walker et al. The Examiner acknowledges that Walker et al. fails to teach the step of "enabling said cedents to electronically decrease said amount of coverage of one of said proposals before submission of said proposal for acceptance." However the Examiner argues that it would have been obvious to modify Walker et al. to do so on the grounds that "it is old and well known in the insurance industry to decrease an insurance premium by decreasing the amount of

coverage before signing and agreeing on a sept price for an insurance policy." However, Walker et al. does not discuss enabling the cedent to electronically decrease the amount of coverage of a proposal before posting it as an invitation to make an offer by a risk carrier. Walker et al. discuss allowing the credit card holder or risk carrier to reduce the amount of risk it wants to assume, but that is different from allowing the cedent to reduce the amount of coverage of a proposal.

5. Claim 11 was rejected under 35 U.S.C. 103(a) as being unpatentable over the Bestwire reference, Walker et al. and Official Notice.

(a)-(c) and (f) not present in Bestwire

In rejecting Claim 11, the Examiner relies on the Bestwire reference as providing the steps of "(a) evaluating an insurance portfolio of each of a plurality of cedents"; "(b) developing proposals to reinsure selected insurance portfolios..."; and "(c) posting said proposals on a server..." and "(f) enabling electronic submission by any one of said selected cedents of one of said proposals as an offer". Applicant respectfully disagrees with the Examiner's classification of the Bestwire reference. Paragraph 1 of the Bestwire article indicates that the AgoraRe.com website "enables direct writers [cedents] to shop for

facultative reinsurance on line..." (emphasis added). As discussed on page 2 of the specification of the present application, facultative reinsurance "involves separate reinsurance agreements for each risk or policy that is being reinsured." The Bestwire reference therefore appears to describe a system or website in which the direct writers or cedents post information on specific insurance contracts or applications for insurance as a proposal for which reinsurers are then invited to make an offer to reinsure or assume a portion of the risk.

Steps (a) and (b) of claim 11 involve the steps of "evaluating an insurance portfolio" and "developing proposals to reinsure selected insurance portfolios". These steps would be applicable to treaty type reinsurance as described in the specification of the present application at page 2, but would not be applicable to facultative type reinsurance in which each reinsurance agreement applies to a separate policy or application, as opposed to a portfolio of insurance policies under treaty type reinsurance.

Regarding elements (c) and (f) of Claim 11, under the system discussed in Bestwire, the cedent or direct writer posts the original insurance application on the website for review by reinsurers who can submit offers to reinsure a portion of any policy issued on the application. As with Walker et al., the

Bestwire reference discloses a system in which proposals to sell risk are posted on a website, whereas in the claimed method, proposals to buy risk are posted on the server or the network. In the Bestwire reference, offers to buy risk are then made by the reinsurers based upon the proposals or posting, whereas in the claimed method offers to sell risk are then made by the cedents based upon the proposals.

There is no suggestion or teaching in the Bestwire reference or any of the other prior art of record, including Walker et al., that the methodology taught therein could be reversed to post the proposals to provide reinsurance as opposed to posting proposals to obtain reinsurance or posting invitations to offer to reinsure an insurance policy. Nor does the prior art teach or suggest such a system where the cedent then makes an offer to obtain reinsurance instead of the reinsurer making an offer to provide reinsurance. Therefore, the claimed method is neither anticipated nor obvious in view of the teachings of Bestwire.

(d), (i) and (j) not present in Walker et al.

In rejecting Claim 11, the Examiner relies on the Walker et al. reference for the same reasons as he did in rejecting Claim 1. Applicant incorporates by reference the grounds for overcoming the Examiner's rejection of Claim 1 with respect to his rejection as to Claim 11, and in particular as applied to

sub-elements (d), (i) and (j) of Claim 11. With respect to element (j) of Claim 11, Applicant further notes that there is no teaching or suggestion in Bestwire, that the "available reinsurance capacity" or anything comparable should be taken into consideration in determining which proposals should be made available or presented to the cedents. Therefore, it is respectfully submitted that Claim 11 is also patentable over the prior art of record.

6. Claim 16 was rejected under 35 U.S.C. 103(a) as being unpatentable over Walker et al., the Bestwire reference and Official Notice. In rejecting Claim 16, the Examiner relies on the Walker et al. reference for the same reasons as he did in rejecting Claim 1. Applicant incorporates by reference the grounds for overcoming the Examiner's rejection of Claim 1, with respect to the rejection as to Claim 16. Applicant also incorporates by reference the grounds for overcoming the Examiner's rejection of Claim 11, with respect to the rejection of Claim 16. With respect to element (g) of Claim 16, Applicant further notes that there is no teaching or suggestion in Bestwire, that the "available reinsurance capacity" or anything comparable should be taken into consideration in determining which proposals should be made available or presented to the

cedents. In addition, none of the prior art of record teaches or suggest differentiating between the "available cedent capacity" and the "available per occurrence capacity" which are defined in the specification beginning on page 19, line 14 and continuing through page 20, line 12. Therefore, it is respectfully submitted that Claim 16 is also patentable over the prior art of record.

7. New Claim 21 has been added for consideration by the Examiner as well and is believed to be patentable over the prior art of record. The language of Claim 21 is similar to Claim 1 except that the word "server" has been replaced with "computer network" and language has been added to sub-element (f).

Applicants have considered the additional prior art cited by the examiner, but not applied against the claims. The claims, as amended, are deemed to be patentable over these references as well.

In view of the amendments contained herein and the above remarks, it is respectfully submitted that claims 1-21 are clear and definite and that they are patentable over the prior art of record. Accordingly, the examiner is requested to issue an early notice of allowance indicating such.

Robert Klaus Serial No. 09/477,057

In the event that the examiner is of the opinion that the prosecution of this application can be advanced thereby, he is invited to contact applicant's attorney at the telephone number listed below.

Respectfully submitted,

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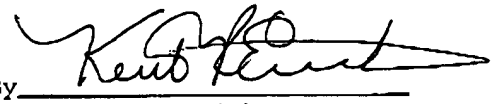
Certificate of Transmission

I hereby certify that this Amendment for application Serial No. 09/477,057, filed January 4, 2000, is being transmitted by facsimile to BOX: FEE AMENDMENT, Commissioner for Patents, Washington, D.C. 20231 at 703-305-7687 on January 14, 2003.

Robert Klaus
(Applicant)

By 

Kent R. Erickson

January 14, 2003
(Date of Signature)